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February 25, 2008

PARTIES OF RECORD:
Case No. 2007-00488
Auxier Water Company

Attached is a copy of the informal conference memorandum which is being filed in the record of the above-referenced case. If you wish to make any comments regarding the contents of the memorandum, please do so within five days of receipt of this letter. Should you have any questions regarding the memorandum, please contact Todd Osterloh at 502/564-3940, Extension 439.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

MTO:v

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2007-00488

FROM: M. Todd Osterloh, Staff Attorney

DATE: February 22, 2008

RE: Conference of February 21, 2008

On February 21, 2008, the Commission Staff held a conference in this case in the Commission's offices in Frankfort, Kentucky. Present were:

Kipley J. McNally	-	Prestonsburg
Bruce F. Clark	-	Auxier Water Company
Todd Osterloh	-	Commission Staff

Auxier Water Company ("Auxier") and the city of Prestonsburg ("Prestonsburg")(jointly "parties") requested this meeting to discuss their responses to Commission Staff's Second Data Request and the processing of the case.

The primary discussion centered on the alternative proposals listed in Prestonsburg's responses. One of the alternatives would have all Auxier's customers to be integrated into Prestonsburg's Outside of City customer base and be charged the same rates as the present Prestonsburg customers that live outside the city boundaries. Mr. McNally indicated that Prestonsburg would be amenable to its original proposal or either alternative, and that it had no preference for one proposal over another.

Prestonsburg had filed a supplemental response to Commission Staff's First Data Request that related to customer deposits. Commission Staff noted that the Commission may require Auxier to refund the deposits and accrued interest as of the day of the transfer, and Prestonsburg could require the transferred customers to place a deposit with the city. Mr. Clark emphasized that under any circumstance, Auxier customers would receive the accrued interest as of the date of the transfer as a credit on their last bill issued by Auxier.

The parties stated, and Staff agreed, that the case could be submitted to the Commission without a hearing.¹ This would eliminate the need for parties to present summarized testimony by the February 26 deadline in the procedural schedule. If the Commission were to decide to have a hearing, it would be necessary to extend that deadline to a later date.

cc: Parties of Record

¹ After the conference, the parties filed a motion requesting submission of the case without a hearing.